



## COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT

CITY OF SAN DIEGO

### MEMORANDUM

DATE: October 4, 2010

TO: Mayor and City Council

CC: City Attorney

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: Leading by Example: Permanently Reforming Politicians' Pensions

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Attached please find a report on outrageous pension payouts in the city's retirement programs. I would like to call your attention to the payouts awarded to city politicians – and respectfully ask that you use this report as an opportunity for each of us to lead by example by reforming politicians' pensions.

Put simply, politicians should not be receiving a massive taxpayer subsidy for lavish pension benefits – and they certainly should not be voting on their own pensions in the future.

As such, I propose that city politicians should act immediately by committing to pay a full equal share for the cost of the existing pension benefits – and should terminate the system for new politicians in favor of a strict 401(k) defined contribution plan.

On Tuesday the City Council will take up an incomplete adjustment to pensions for city politicians. The action being proposed will only marginally increase the cost paid by city politicians for their pensions – rather than requiring city politicians to pay their fair share for the cost of their pensions.

While the inadequate action on the docket may technically satisfy one condition in Proposition D, the action will fall short of requiring politicians to pay their equal share for pension costs. Moreover, the action being docketed at City Council reflects only half of the Scope of Work requested by the City Council in September on this matter.

As such, I ask that the City Council continue the item for one week – and docket the proposed modifications to the municipal code outlined in my original memorandum on this subject dated August 29, 2010.

To eliminate this pension plan and replace it with a 401(k) defined contribution plan, I request that the following amendment to the city municipal code be docketed at the same hearing:

*An amendment to San Diego Municipal Code Chapter 2 – Article 4 – Division 17:*

***§24.1708 Elected Officer Retirement Plan Effective December 1, 2010***

*Any Elected Officer who takes office after December 1, 2010 shall not be eligible to enroll in the retirement system provided for in Sections 24.1701 through 24.1707.*

*Any Elected Officer who takes office after December 1, 2010 shall only receive a retirement allowance in the form of an employer contribution to match up to 7% of the annual base salary of that Elected Officer. For any year when the City of San Diego makes payments on behalf of Elected Officers into the federal Social Security system, the match shall be capped at no more than 3% of the annual base salary of the Elected Officer.*

San Diegans are watching their elected leaders closely to determine whether they will lead by example. I look forward to working with you to help restore public trust by taking this important step in pension reform.